

City of Tempe

State Legislative Summary

As of April 26, 2011

Following is a summary of highlighted bills from the First Regular Session of Arizona's 50th State Legislature. As of this writing the Governor has not acted on many of the bills included in this summary. Therefore the status of those bills that have been transmitted but not signed may change.

SB 1166 – municipal tax exemption; commercial lease.

Status: Signed by Governor 4/18/11

City of Tempe Position: Opposed; based on Preservation of Existing Revenue Sources.

Summary: Prohibits cities and towns from levying transaction privilege tax (TPT), sales tax, use tax, or any similar tax on the gross proceeds of sales or gross income derived from a commercial lease, if at least 80% of the voting shares of each corporation are owned by the same shareholders.

Impact to the City of Tempe: It is not known how many corporations will ultimately qualify for this exemption. However, staff estimates that the direct fiscal impact could be \$100,000 or more. The existing privilege tax information that the City maintains is not sufficient enough to determine which corporations will claim the exemption once the provisions of the legislation are effective on July 20, 2011. Staff will now begin tracking to see how many entities take advantage of the exemption.

SB 1201 – firearms omnibus

Status: Transmitted to Governor 4/15/11

City of Tempe Position: Opposed; based on Preservation of Local Authority and Flexible Service Delivery.

Summary: Prohibits cities from enacting any ordinance, rule, or tax relating to the transportation, possession, carrying, sale, transfer, purchase, acquisition, gift, devise, storage, licensing, registration, discharge or use of firearms, ammunition or any related accessories.

Allows the state, state agencies, or political subdivisions to limit or prohibit the possession of firearms in a public establishment if all of the following apply:

- 1) The establishment is a secured facility with controlled access or is issued a license by the Department of Liquor Licenses and Control;
- 2) A sign prohibiting the possession of firearms that meets specific requirements is posted at all public entrances; and
- 3) The establishment is equipped with secure firearm lockers near the main entrance and controlled by the operator or an agent of the operator.

Permits a state, county, or municipal judicial department, law enforcement agency, or prosecutorial agency to prohibit firearms if the posting requirements are met and the establishment is equipped with secure firearm lockers under the control of the operator or operator's designated agent.

Specifies that private entities or operators of multipurpose facilities are not prohibited from controlling the possession of firearms on property owned, leased, used, operated, contracted for, or controlled by a private entity, provided the entity or facility is not used by a governmental entity for a governmental purpose.

Impact to the City of Tempe: According to the state department of juvenile corrections (DJC), the salary and related costs for a security guard are approximately \$45,000 per year. Some buildings may require 2 security personnel per public entrance if visitor traffic high.

Additionally, the DJC reported that a stationary metal detector has a one-time cost of \$4,000 and a hand-held metal detector has a one-time cost of \$400. Also, each building would require secure-storage lockers for the firearms that are brought into the building. A sampling of several vendors produced a one-time gun locker cost of \$100 - \$300, depending on size. These figures yield a one-time per door cost of approximately \$5,000 and ongoing costs of \$45,000 - \$90,000 per door, per year if the City chose to prohibit firearms in a public establishment.

SB 1204 – trash collection; multifamily housing

Status: Held in House

City of Tempe Position: Opposed; based on Preservation of Local Authority and Flexible Service Delivery.

Summary: SB 1204 classifies apartment communities as commercial for the purpose of solid waste management and recycling services.

Impact to the City of Tempe: This change in definition would have put a large portion of the City's solid waste enterprise business at risk.

SB 1220 – uniform local sales tax base

Status: Held in Committee

City of Tempe Position: Opposed; based on Preservation of Local Authority and Revenue Sources

Summary: Eliminates the model city tax code, the Unified Audit Committee and the Municipal Tax Code Commission.

Impact to the City of Tempe: Because the state sales tax base is significantly different than the City of Tempe's (what goods and services are taxed) this bill would have resulted in a \$9M revenue loss.

SB 1286 – counties; cities; permits; time limit

Status: Held in House

City of Tempe Position: Opposed; based on Preservation of Local Authority and Flexible Service Delivery.

Summary: Senate Bill 1286 the City of Tempe to approve or deny an application for any permit issued within 60 days after receipt of the proposed application.

Impact to the City of Tempe: Requiring permits be approved or denied within an arbitrary timeframe would pressure our local officials to deny a permit rather than be faced with approving an application that had not been thoroughly reviewed against existing safety codes or other requirements.

SB 1322 – managed competition; city services

Status: Transmitted to Governor 4/20/11

City of Tempe Position: Opposed; based on Preservation of Local Authority and Flexible Service Delivery.

Summary: Requires a city with a population of over 500,000 persons to furnish all municipal services with an anticipated cost of greater than \$500,000 via a service contract that has been entered into through open and competitive bidding. The bill also requires the City Manager to begin implementation no later than three months before the end of the first fiscal year after the effective date of bill, and thereafter as determined by ordinance.

Exempts the duties performed by the mayor or city council, the city manager's office, the city clerk's office, municipal prosecutors, municipal judges or the city attorney. Also exempts police officers who are certified peace officers, municipal firefighters or 911 operators or tax collection and audit enforcement functions of a competitive service city or if compliance would violate any applicable federal law or regulation. Exempts professional services, assayer services, construction or construction services, design services, geologist services or land surveying services that are subject to state procurement statutes.

Impact to the City of Tempe: Because this legislation only affects those cities with a population of over 500,000 persons this bill does not directly impact the City of Tempe.

SB 1354 – photo enforcement; violator identification; response

Status: Held in House

City of Tempe Position: Opposed; based on Preservation of Local Authority.

Summary: The content of this bill was heavily amended throughout session as the photo enforcement was being debated.

Impact to the City of Tempe: Your government relations staff successfully testified against a strike-everything amendment to the bill in the House Transportation Committee that would have removed the City's authority to identify violators using a photo enforcement system. The final version of this bill failed as the only remaining language was included in SB 1398.

SB 1379 – consumer fireworks; regulation

Status: Transmitted to Governor 4/20/11

City of Tempe Position: Opposed; based on Preservation of Local Authority.

Summary: Modifies the City's authority to regulate the use and sale of permissible consumer fireworks and establishes the State Fire Marshal Fund. The bill requires the City to allow the use of consumer fireworks during the periods of June 15 to July 5 and December 12 to January 2. Additionally the bill allows the City to impose an annual fee on facilities at which fireworks are sold. These fees are to defray costs associated with permitting and inspections.

Impact to the City of Tempe: The bill requires the City to allow the use of consumer fireworks during the periods of June 15 to July 5 and December 12 to January 2.

SB 1398 – moving violations; assessment; equipment; enforcement

Status: Transmitted to Governor 4/20/11

City of Tempe Position: Opposed; based on Preservation of Local Authority and Flexible Service Delivery.

Summary: Requires the City to inform the recipient of a photo radar citation that the recipient is not required to identify the driver or respond to the citation if it was not properly issued. Additionally, the notice must include that a failure to respond will result in the probability of being formally served, which will result in the person paying the cost of the service. The bill also states that the recipient of a photo radar notice of violation (NOV) is not required to identify the driver or respond to the complaint. The bill also adds a supplemental \$13 assessment on every traffic fine for distribution to various entities for the primary purpose of supplementing monies for officer safety equipment.

Impact to the City of Tempe: Imposes a revenue distribution requirement on the City's Finance and Court staff for remittance and redistribution of the supplemental assessment imposed on traffic fines. Additionally, the bill dictates specific language that must be included on every notice of violation issued through the City's photo enforcement system.

SB 1525 - city; town; development fees

Status: Transmitted to Governor 4/20/11

City of Tempe Position: Opposed; based on Preservation of Local Authority.

Summary: SB 1525 makes numerous changes to the statutes governing municipal development fees and infrastructure improvement plans.

Impact to the City of Tempe: The changes adopted within this legislation will have little effect on the City of Tempe. Changes to the statutes governing municipal development fees are of greater consequence to municipalities that are experiencing outward growth that demands additional infrastructure.

SB 1585 – revenue allocation districts

Status: Held

City of Tempe Position: Support.

Summary: This legislation would provide a method to capture incremental property tax revenues or local sales tax revenues to be used to fund infrastructure and development projects designed by voter-approved local revenue allocation districts.

Impact to the City of Tempe: This legislation would provide the City with another economic development tool for use in re-development efforts where appropriate.

SB 1598 – cities; counties; regulatory review

Status: Transmitted to Governor 4/15/11

City of Tempe Position: Opposed; based on Preservation of Local Authority and Flexible Service Delivery.

Summary: Imposes State mandates on various City regulatory functions and amends the general plan statutes regarding aggregate resources (gravel).

Impact to the City of Tempe: Imposes numerous regulatory requirements on City licensing and inspection procedures in an effort to ensure fair and open regulation. The bill's impact may be limited to implementation time needed to amend existing City procedures to comply.

SB 1609 – retirement systems; plans; plan design

Status: Transmitted to Governor 4/18/11

City of Tempe Position: Neutral; based on predicted outcomes of the proposals in relation to Tempe.

Summary: Makes numerous changes to the existing contribution and benefit structures for the Arizona State Retirement System (ASRS), the Public Safety Personnel Retirement System (PSPRS), the Elected Officials Retirement Plan (EORP) and the Corrections Officers Retirement Plan (CORP).

Overall the bill seeks to improve the financial health of each system by increasing the contribution rates paid by the members of the PSPRS, EORP, and CORP. Ultimately members of the PSPRS and EORP will be subject to higher, but limited, contribution amounts into the separate systems.

Impact to the City of Tempe: The bill's provisions will hopefully improve the funded status of the City's PSPR and EORP systems. Preliminary estimates on the systems as a whole showed a tempering of needed increases in the aggregate contribution rates over the next ten to fifteen years as a result of the enacted changes.

SB 1612 – 2011-2012; general appropriations (Sections 83 and 96)

Status: Signed by Governor 4/6/11

City of Tempe Position: Neutral; based on Preservation of Existing Revenue.

Summary: Senate Bill 1612 is the general appropriations act used to fund the bulk of the state's operations for the upcoming fiscal year. Included with each appropriated amount is the funding source to be used for the appropriation. Senate Bill 1612 included two diversions from the Highway User Revenue Fund (HURF) as a solution to partially fund the state department of public safety (section 83) and the state department of transportation (section 96).

The State of Arizona taxes motor fuels and collects a variety of fees and charges relating to the registration and operation of motor vehicles. These collections include gasoline and use fuel taxes, motor carrier taxes, vehicle license taxes, motor vehicle registration fees, and other miscellaneous fees. These revenues are deposited in the Arizona Highway User Revenue Fund (HURF) and are then distributed to the cities, towns and counties and to the State Highway Fund. These taxes represent a source of revenues available for roadway construction and improvements.

Impact to the City of Tempe: By diverting HURF funds for explicit state purposes, the Legislature removes those funds from distribution through the statutorily prescribed funding formula for pass-through to local governments. This year's diversion will reduce the City of Tempe's expected HURF allocation by \$ 1,118,080.

SB 1614 – state budget procedures; 2011-2012

Status: Signed by Governor 4/6/11

City of Tempe Position: Neutral.

Summary: Senate Bill 1614 is a state budget-related bill that included a policy change to the Arizona State Retirement System. The bill changes the employee/employer Arizona State Retirement System contribution rate from 50/50 to 53/47.

Impact to the City of Tempe: The bill's policy change shifts a greater portion of an employee's retirement contribution onto the employee for those that are members of the ASRS. A preliminary estimate resulted in a savings to the City of Tempe of approximately \$300,000.

SB 1624 – budget reconciliation; environment; 2011-2012

Status: Signed by Governor 4/6/11

City of Tempe Position: Neutral; based on Preservation of Existing Revenue.

Summary: Senate Bill 1624 is a state budget-related bill that included, as permanent law, authorization for the state department of water resources (ADWR) to collect a fee from each municipality in Arizona to be assessed proportionally based on the population. The bill requires ADWR to deposit the collected fees in the Water Resources Fund.

Impact to the City of Tempe: This fee will negatively impact the City's Enterprise Fund for Water Utilities by an estimated \$225,383.

HB 2501 – rules; laws; ordinances; interpretation

Status: Retained in Senate.

City of Tempe Position: Opposed; based on Preservation of Local Authority.

Summary: Requires ambiguous rules, ordinances and laws to be construed in favor of a person applying for a permit, license or zoning approval.

Impact to the City of Tempe: This bill seemingly would legislate what is normally a judicial function and would shift the legal burden to the City to defend the clarity of all administrative rules and ordinance.

City of Tempe

2011 State Legislative Principles

01/06/2010



The services provided by the City of Tempe encourage investment in the local economy, enable business development and support commerce within the community and the region. Additionally, city services provide safe neighborhoods and recreation opportunities which encourage families to both live and work within the community. Policies determined by the State Legislature often impact the City's ability to deliver the services needed by local residents such as police, fire, transit, roadways and many other City-provided services.

Following are the principles that the City Council endorses when considering the City's position on a state legislative proposal and its impact on the City's ability to provide services.

- **Preservation of Existing Revenue Sources** – The City government's ability to create and maintain an environment for businesses to invest and their employees to enjoy is essential to our success. In response to reduced revenue the City has cut almost 17% from the General Fund budget, consolidated 14 departments into 7, and eliminated or transferred 125 General Fund staff positions. In addition to these reductions, the citizens approved a 0.2% temporary addition to the City's sales tax rate to restore and retain some vitally important services. Any State Legislative proposal that would diminish the City's ability to generate revenue locally or erode an existing revenue source would further weaken the City's ability to maintain an environment attractive to businesses and citizens. Therefore, the City supports legislative proposals that maintain existing revenue sources and will oppose attempts to limit the City's ability to decide locally what revenue is needed to maintain services.
- **Support for flexibility in service delivery** – The City will support legislative proposals that further enable the City to provide the services desired by its local residents and oppose legislative attempts to require additional services without providing revenue to fund the additional costs associated with the services.
- **Preserve Local Authority** – The citizens created the City of Tempe government through the adoption of the City Charter. Through this Charter, the citizens empower the City government to provide services and levy taxes to pay for the services provided. The Mayor and Council set policy for the City and serve at the pleasure of the voting public. Because of this system and the City's knowledge of our local citizens needs, the City will support legislative proposals that preserve or enhance the City's ability to govern locally and oppose legislation that preempts local authority.
- **Support public sector pension reform** – The City will support public sector pension reform proposals that are fiscally responsible and sustainable for the City while being equitable to existing pension system members.